

EXHIBIT 1

INTRODUCTION

Respondent Louis Byrd currently holds the office of Mayor of Lynwood, an office that rotates on an annual basis among the members of the City Council. Respondent Committee to Elect Louis Byrd (the “Committee”) is the controlled committee of Respondent Louis Byrd. Respondent Ianthe Byrd was the treasurer of Respondent Committee during the July 1, 1999 through September 10, 1999 reporting period. Respondent Shirley Byrd was the treasurer of Respondent Committee during the July 1, 2003 through December 31, 2003 reporting period. Respondent Louis Byrd was a successful candidate for re-election to the Lynwood City Council in the November 2, 1999 general municipal election in Lynwood, and he again won re-election in the November 4, 2003 general municipal election.

Under the provisions of the Political Reform Act (the “Act”),¹ Respondents were required to file campaign statements disclosing information about their campaign contributions and expenditures, to deposit all of the contributions they received into a single campaign bank account, and to make all of their campaign expenditures out of that same account. During the 1999 campaign, Respondents made expenditures totaling at least \$12,272.75 from sources other than the campaign bank account of Respondent Committee.

Under the Act, Respondents also had the duty to disclose occupation and employer information for any and all contributors who contributed \$100 or more to Respondent Committee. During the 2003 campaign, Respondents failed to disclose the occupation and employer of their contributors in three successive campaign statements. Additionally, Respondents received a \$3,000 late contribution during the late contribution period and failed to disclose this contribution in a late contribution report.

For the purposes of this stipulation, Respondents’ violations of the Act are stated as follows:

COUNT 1: On or about and between July 1, 1999 through September 10, 1999, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Ianthe Byrd made campaign expenditures totaling \$12,272.75, from a source other than the campaign bank account, in violation of Government Code section 85201.

COUNT 2: In a campaign statement filed on October 2, 2003, covering the reporting period July 1, 2003 through September 20, 2003, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd failed to disclose

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

occupation and employer information for contributors making contributions of \$100 or more, in violation of Government Code section 84211, subdivision (f).

COUNT 3: In a campaign statement filed on October 23, 2003, covering the reporting period September 21, 2003 through October 18, 2003, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd failed to disclose occupation and employer information for contributors making contributions of \$100 or more, in violation of Government Code section 84211, subdivision (f).

COUNT 4: In a campaign statement filed on January 29, 2004, covering the reporting period October 19, 2003 through December 31, 2003, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd failed to disclose occupation and employer information for contributors making contributions of \$100 or more, in violation of Government Code section 84211, subdivision (f).

COUNT 5: Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd failed to disclose a \$3,000 late contribution, received from Californians for a Better Way, in a properly filed late contribution report, by the October 31, 2003 due date, in violation of Government Code section 84203.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Single Bank Account Rule

Section 85201, subdivision (a) requires a candidate to establish a single campaign bank account upon filing a statement of intention to seek office. Section 85201, subdivision (c) states that “[a]ll contributions or loans made to the candidate, to a person on behalf of the candidate, or to the candidate’s controlled committee shall be deposited in the account.” Section 85201, subdivision (d) states that “[a]ny personal funds which will be utilized to promote the election of the candidate shall be deposited in the account prior to expenditure.” Section 85201, subdivision (e) requires that “[a]ll campaign expenditures shall be made from the account.”

Duty to Disclose and Itemize Contributions of \$100 or More

If the cumulative amount of the contributions received by a committee from a contributor is \$100 or more, and the committee receives a contribution from the contributor during a reporting period, section 84211, subdivision (f) requires the committee to report on its campaign statement for the period the following itemized information: (1) the contributor's full name, address, occupation and employer; (2) the date and amount of the contribution; and (3) the cumulative amount of the contributions received from the contributor.

Duty to File Late Contribution Reports

Under section 84203, subdivision (a), when a candidate controlled committee makes or receives a late contribution, the candidate and the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the late contribution. Section 82036 defines a "late contribution" as a contribution, including a loan, aggregating \$1,000 or more, that is received before an election, but after the closing date of the last pre-election campaign statement that is required to be filed.

Treasurer Liability

Under section 81004, section 84100, and regulation 18427, subdivision (a), it is the duty of a committee's treasurer to ensure that all requirements of the Act concerning the receipt and expenditure of campaign funds, and the reporting of such funds, are complied with. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sec. 83116.5, and sec. 91006.)

SUMMARY OF THE FACTS

COUNT 1

Making Expenditures from Sources Other Than the Campaign Bank Account

Pursuant to section 85201, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Ianthe Byrd had a duty to make all campaign expenditures from a single campaign bank account. In a campaign statement filed on September 23, 1999, covering the reporting period July 1, 1999 through September 10, 1999,² Respondents reported making 32 campaign expenditures, totaling \$5,450.59. Only one of these expenditures, a check for \$2,000, was made from the campaign bank account. In addition, Respondents reported \$4,535.07 as loans by Respondent Byrd to Respondent Committee and inaccurately reported \$4,287.09 in accrued expenses. These amounts, totaling \$8,822.16, were related to campaign expenditures made on or about and between July 1, 1999 through September 10, 1999, by Respondent Louis Byrd out of his personal funds and not through the campaign bank account.

In an interview with Commission Investigator III Sandra Buckner on January 8, 2004, Respondent Louis Byrd stated that he paid for campaign expenses with his own money, and was reimbursed for these expenditures from the campaign account at a later time. Both Respondent

² The correct reporting period was July 1, 1999 through September 18, 1999.

Louis Byrd and Ianthe Byrd stated they were unaware that this activity was prohibited by the Act.

By making campaign expenditures during the period July 1, 1999 through September 10, 1999, totaling \$12,272.75, from sources other than the campaign bank account, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Ianthe Byrd violated section 85201.

COUNT 2

Failure to Disclose Contributor Occupation and Employer Information

In a campaign statement filed on October 2, 2003, covering the reporting period July 1, 2003 through September 20, 2003, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd reported receiving a total of nine contributions. Five of these contributions, totaling \$3,100, were from individuals, and each was in an amount of \$100 or more. Respondents were required to disclose specific occupation and employer information about these five contributors, but failed to do so.

By failing to disclose occupation and employer information for five contributors, whose contributions totaled \$3,100, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd violated section 84211, subdivision (f).

COUNT 3

Failure to Disclose Contributor Occupation and Employer Information

In a campaign statement filed on October 23, 2003, covering the reporting period September 21, 2003 through October 18, 2003, Respondents Louis Byrd, the Committee to Elect Louis Byrd, and Shirley Byrd reported receiving a total of twelve contributions. Seven of these contributions, totaling \$3,800 were from individuals, and each was in an amount of \$100 or more. Respondents were required to disclose specific occupation and employer information about these seven contributors, but failed to do so.

By failing to disclose occupation and employer information for seven contributors, whose contributions totaled \$3,800, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd violated section 84211, subdivision (f).

COUNT 4

Failure to Disclose Contributor Occupation and Employer Information

In a campaign statement filed on January 29, 2004, covering the reporting period October 19, 2003 through December 31, 2003, Respondents Louis Byrd, the Committee to Elect Louis Byrd, and Shirley Byrd reported receiving a total of thirteen contributions. Seven of these contributions, totaling \$2,950 were from individuals, and each was in an amount of \$100 or more. Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd were required to disclose specific occupation and employer information about these seven contributors, but failed to do so.

By failing to disclose occupation and employer information for seven contributors, whose contributions totaled \$2,950, Respondents Louis Byrd, the Committee to Elect Louis Byrd, and Shirley Byrd violated section 84211, subdivision (f).

COUNT 5

Failure to Timely Report Late Contribution

On October 30, 2003, Respondent Committee received a contribution in the amount of \$3,000 from Californians for a Better Way during the late contribution period of October 19, 2003 through November 3, 2003. Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd had a duty to disclose the contribution in a late contribution report within 24 hours of receipt of the late contribution, but failed to do so.

By failing to disclose a \$3,000 late contribution in a properly filed late contribution report by the October 31, 2003 due date, Respondents Louis Byrd, Committee to Elect Louis Byrd, and Shirley Byrd committed a violation of section 84203.

CONCLUSION

In the first pre-election reporting period of the 1999 campaign, Respondents made \$12,272.75 in campaign expenses from sources other than the campaign bank account. Failure to make campaign expenditures from the campaign bank account significantly impairs the ability to monitor the source of funds and otherwise frustrates the purposes of the Act. Respondent Byrd, having served as an elected official since 1991, should have been familiar with the reporting and campaign bank account requirements of the Act.

In the 2003 campaign, Respondents Louis Byrd, the Committee to Elect Louis Byrd, and Shirley Byrd failed to disclose required occupation and employer information regarding any of their contributors. A maximum fine is appropriate given Respondents' complete disregard of this disclosure requirement.

Lastly, Respondents failed to timely report a \$3,000 late contribution in a late contribution report. In an election for city council in a jurisdiction the size of Lynwood, a \$3,000 late contribution is a significant sum and, under all the circumstances of this case, including the fact that violation did not occur in isolation, a fine of \$1,000 is appropriate.

This matter consists of five counts, which carry a maximum administrative penalty of Twenty-two Thousand Dollars (\$22,000). The facts of this case, including the factors discussed above, justify imposition of the agreed upon penalty of Eighteen Thousand Dollars (\$18,000).